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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSIONERS

DOCKETED

TOM FORESE - Chairman
BOB BURNS
ANDY TOBIN
BOYD DUNN
JUSTIN OLSON

NOV 07 2017

DOCKETED BY

In the matter of

John Anthony Waszolek (CRD No. 800403)
and Kathleen Waszolek, husband and wife,

Respondents.

DOCKET NO. S-20977A-16-0242

DECISION NO. 76442

ORDER TO CEASE AND DESIST, ORDER
OF REVOCATION, ORDER FOR
ADMINISTRATIVE PENALTIES AND
CONSENT TO SAME BY RESPONDENT
JOHN ANTHONY WASZOLEK

ORDER TO DISMISS WITHOUT
PREJUDICE RE: RESPONDENT KATHLEEN
WASZOLEK

Respondent John Anthony Waszolek (CRD No. 800403) ("Waszolek" or "Respondent") elects to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to this Order To Cease And Desist, Order of Revocation, Order for Administrative Penalties and Consent to Same ("Order"). Respondent admits the jurisdiction of the Arizona Corporation Commission ("Commission") over this matter; admits only for purposes of this proceeding and any other proceeding in which the Commission is a party the Findings of Fact and Conclusions of Law contained in this Order; and consents to the entry of this Order by the Commission.

I.

FINDINGS OF FACT

1. John Anthony Waszolek ("Waszolek") has resided in Arizona since 1979. Beginning on December 13, 1979, Waszolek was registered as a securities salesman by the Commission (CRD No. 800403).

2. Kathleen Waszolek was at all relevant times the spouse of Waszolek. Kathleen Waszolek may be referred to as "Respondent Spouse." Respondent Spouse was joined in this action under A.R.S. § 44-2031(C) solely for purposes of determining the liability of the Waszoleks' marital community.

3. At all times relevant, Waszolek was acting for his own benefit and for the benefit or in furtherance of his and Respondent Spouse's marital community.

4. In September 1979, Waszolek joined the Scottsdale, Arizona office of Paine Webber. In 1999, UBS Financial Services Inc. ("UBS") (CRD No. 8174) acquired Paine Webber, and Waszolek remained registered with UBS until March 6, 2009.

5. On March 6, 2009, Waszolek joined the Scottsdale office of Morgan Stanley & Co. Incorporated (CRD No. 8209), which in June 2009 merged into Morgan Stanley Smith Barney (CRD No. 149777). This Order refers to Morgan Stanley & Co. Incorporated and Morgan Stanley Smith Barney collectively as "Morgan Stanley." Waszolek was a registered representative of Morgan Stanley from March 6, 2009 until January 27, 2012, when it terminated him.

6. Morgan Stanley filed a Uniform Termination Notice For Securities Industry Registration Form U5 ("Form U5") on January 27, 2012, which terminated Waszolek's registration with the securities industry's self-regulatory authority, FINRA, and the Commission. That U5 states that Morgan Stanley terminated Waszolek due to "concerns regarding failure to follow policies and procedures regarding a client's testamentary bequest to the advisor, and lack of execution of a transaction relating to the client's successor trustee."

1 7. On February 7, 2012, Waszolek once again became a registered representative with
2 FINRA and a registered securities salesman with the Commission when he joined the Scottsdale office
3 of dealer Raymond James & Associates, Inc. ("Raymond James") (CRD No. 705). He remained at
4 Raymond James until June 18, 2015.

5 8. On June 18, 2015, Raymond James filed a Form U5 stating that it permitted Waszolek
6 to resign because "it became apparent that John Waszolek failed to give accurate and complete
7 information concerning the circumstances that led to his termination from his prior employer."

8 9. Waszolek is not currently registered with FINRA, and his registration with the
9 Commission has lapsed because he is not currently associated with a registered dealer.

10 10. Under A.R.S. § 44-1963(D), Waszolek continues to be subject to the Commission's
11 jurisdiction for two years after the lapse of his registration for the purpose of denying, suspending or
12 revoking his registration in connection with conduct that began before the lapse of his registration.

13 11. On July 8, 2016, the Commission's Securities Division ("Division") filed this
14 enforcement action seeking, among other relief, an order revoking Waszolek's registration as a
15 securities salesman pursuant to A.R.S. § 44-1962.

16 *JL Becomes Waszolek's Customer*

17 12. JL was born in 1927.

18 13. JL and her husband, WL, retired to a retirement community in Sun Lakes, Arizona.

19 14. In approximately 1982, while Waszolek was associated with Paine Webber, JL and
20 WL became Waszolek's clients.

21 15. JL and WL had no children.

22 16. On May 26, 1998, WL died.

23 17. After WL's death, JL lived alone in the Sun Lakes residence she had previously shared
24 with WL.

25 18. After WL's death, JL maintained an individual, commission-based account at UBS.
26 Waszolek was the registered representative on that account.

The JL Trust

19. On October 1, 2003, JL established a trust (the "JL Trust") and a Last Will and Testament (the "JL Will").

20. On November 3, 2003, JL's UBS individual account was retitled as a trust account in the name of the JL Trust (the "UBS JL Trust Account"). Waszolek was the registered representative on this account.

21. Under the terms of the JL Will, JL's estate assets were to be distributed "according to the terms and provisions of the [JL Trust], including any amendments thereto in effect at [JL's] death."

22. In its original form, the JL Trust designated JL as trustor and trustee. Upon JL's death, incapacity or resignation, Comerica Bank & Trust, N.A. ("Comerica") was to serve as successor trustee.

23. Upon JL's death, the JL Trust called for the distribution of personal property to certain family members and the distribution of cash proceeds, which would be derived from the UBS JL Trust Account, to four charities (collectively, the "Charitable Beneficiaries") as follows:

Distribution of Cash Proceeds

<u>Distribution Amount</u>	<u>Beneficiary</u>	<u>Location</u>
40%	Charity A	Chandler, Arizona
25%	Charity B	Phoenix, Arizona
25%	Charity C	Tampa, Florida
10%	Charity D	Nevada, Missouri

24. According to Waszolek's sworn testimony, in 2003 when JL established the JL Trust, "She was just another client to me...."

25. Until approximately 2007, Waszolek was not close with JL and would generally visit her once a quarter to review her portfolio and twice a year for lunch, consistent with the contact Waszolek had with most of his clients.

The Deterioration of JL's Health

26. In 2007, JL's health began deteriorating. She suffered from macular degeneration, which eventually caused her to become legally blind.

27. In the fall of 2007, JL donated her car to her church because she could no longer drive safely.

28. JL also complained of pain where she had previously had surgery to treat cancer.

29. By the end of 2007, JL was frail, withdrawn, isolated and had no form of transportation.

30. In December 2007, JL moved to an assisted living facility in Chandler, Arizona, where she could receive regular medical care and observation.

31. In April 2008, with assistance from Waszolek and a realtor, JL sold her home in Sun Lakes for \$135,000. Those proceeds were wired into JL's UBS Trust Account.

32. In 2008, JL's physical and mental condition continued to decline.

33. In approximately October 2008, Waszolek took JL to a doctor's appointment. She was diagnosed with dementia and Alzheimer's disease. The doctor informed Waszolek of the Alzheimer's diagnosis during the office visit.

JL Is Deemed To Lack Testamentary Capacity

34. On November 13, 2008, Waszolek took JL to meet with an estate planning attorney ("Attorney One") for the purposes of (i) having a healthcare power of attorney and living will prepared appointing Waszolek as JL's agent and power of attorney, and (ii) amending the JL Trust to make Waszolek a beneficiary of the Trust.

35. Comerica had referred JL and Waszolek to Attorney One because Comerica was the Successor Trustee under the JL Trust.

36. Attorney One prepared a "Health Care Power of Attorney and Living Will" appointing Waszolek as JL's "agent and attorney-in-fact."

37. Attorney One refused, however, to prepare an amendment to the JL Trust until JL's testamentary capacity was evaluated.

38. On November 17, 2008, Attorney One referred JL to PW, a clinical neuropsychologist, for an evaluation to determine JL's testamentary capacity.

39. On December 7, 2008, PW sent Attorney One a report of PW's evaluation of JL (the "PW Report"), which stated, in part, that JL was "susceptible to undue influence" and did not have testamentary capacity.

40. PW further opined that JL was "completely unable to protect herself from exploitation."

41. In December 2008, Waszolek received and reviewed a copy of the PW Report.

42. After Attorney One reviewed the PW Report, she informed Waszolek she would not draft the amendment to JL's Trust to make him a beneficiary.

43. In late 2008, Waszolek arranged for JL to move to an assisted living facility in Scottsdale, which was closer to his home. The drive of approximately 35 minutes from Scottsdale to Chandler had been frustrating Waszolek. So he arranged for JL to move to Scottsdale to be closer to him.

44. In approximately March 2009, a physician at JL's assisted living facility again diagnosed JL as suffering from Alzheimer's disease. Waszolek was present when the physician gave the diagnosis.

45. Thus, by March 2009, Waszolek knew that two different doctors had diagnosed JL with Alzheimer's disease, and a neuropsychologist had concluded in December 2008 that JL lacked testamentary capacity and was "completely unable to protect herself from exploitation."

....

....

Waszolek Purportedly Refers JL To Another Attorney To Amend The JL Trust

45. Waszolek testified that in March 2009 he contacted another attorney ("Attorney Two") for the purpose of amending the JL Trust to make him a beneficiary.

46. Waszolek had known Attorney Two for over twenty years. Attorney Two did legal work for several of Waszolek's clients.

47. According to Waszolek's testimony, on March 5, 2009, Attorney Two met with JL at her assisted living facility.¹

48. That same day, JL purportedly signed an amendment to her Trust (the "JL Trust Amendment") that reduced the amount to be distributed to the Charitable Beneficiaries by \$1,321,082.45 and instead directed that Waszolek receive that amount. The JL Trust Amendment's changes to the cash distributions are reflected on the following table:

<u>Original Distribution</u> <u>Amount</u>	<u>Approximate Value</u> <u>of Original</u> <u>Distribution Amount</u> <u>As of March 2009</u>	<u>New Distribution</u> <u>Amount Under</u> <u>Amendment</u>	<u>Beneficiary</u>
40%	\$568,432.98	\$40,000	Charity A
25%	\$355,270.61	\$25,000	Charity B
25%	\$355,270.61	\$25,000	Charity C
10%	\$142,108.25	\$10,000	Charity D
0%	\$0	\$1,321,082.45	Waszolek

49. In addition to adding Waszolek as a beneficiary, the JL Trust Amendment appointed Waszolek to serve as the successor trustee upon the resignation, incapacity or death of JL.

¹ Tr. at 127:20-25.

1 50. In March 2009, UBS maintained written policies requiring: "If an employee becomes
2 aware of being named as the beneficiary of a non-family bequest or inheritance from a client, the
3 employee must immediately notify his or her [Branch Office Manager] or Supervisor, who should
4 consult with the Regional Compliance Officer."

5 51. Similarly, in March 2009, UBS maintained written policies that prohibited an
6 employee from serving as a trustee or in any fiduciary capacity for any non-family related person
7 "without the prior written consent of [UBS]."

8 52. While he was at UBS, Waszolek signed annual certifications acknowledging that it
9 was his responsibility to familiarize himself with UBS' policies, and that he in fact adhered to the
10 firm's written policies. In these certifications, Waszolek also represented he had not "engaged in
11 activities, interests or relationships that might conflict, or appear to conflict, with [his] ability to act
12 in the best interest of the Firm and its clients."

13 53. Waszolek failed to disclose to UBS that he had received a healthcare power of attorney
14 for JL in November 2008.

15 54. Waszolek failed to disclose to UBS that through the JL Trust Amendment, he was to
16 serve as the successor trustee and be the residual beneficiary of the JL Trust.

17 *Waszolek Leaves UBS and Registers With Morgan Stanley*

18 55. On March 6, 2009, the day after the JL Trust Amendment was purportedly made,
19 Waszolek resigned from UBS and joined Morgan Stanley.

20 56. On March 8, 2009, the UBS JL Trust Account was transferred from UBS to Morgan
21 Stanley (the "Morgan Stanley JL Trust Account"). Waszolek remained the registered representative
22 on this account.

23 57. In connection with the transfer of the Trust Account from UBS, Waszolek submitted
24 to Morgan Stanley an "Active Assets Account Application," which JL purportedly signed on March
25 10, 2009.

1 58. The Account Application failed to mention the JL Trust Amendment and left blank
2 the space for "The date of the latest trust amendment (if any)...."

3 59. The Account Application also left blank the space for "Successor Trustee" even
4 though Waszolek knew he had been appointed successor trustee just five days earlier.

5 60. On March 12, 2009, Waszolek provided Morgan Stanley with a copy of the JL Trust
6 but not the JL Trust Amendment that JL purportedly signed a week earlier.

7 61. In March 2009, Morgan Stanley's written supervisory policies governing fiduciary
8 appointments and beneficiary designations stated in relevant part:

9 A **fiduciary** is any person who holds, or controls, assets for the benefit
10 of another person. Types of fiduciaries include **trustees**, executors,
11 administrators, **attorneys-in-fact (such as those holding a power of attorney)**, conservators, custodians and guardians.

12 In general, **an FA/IR may not act as a fiduciary for any person**. As
13 described below, exceptions may sometimes be granted, particularly
14 for immediate family members. In these cases, your approval and that
15 of the Compliance Department is required prior to the FA/IR agreeing
16 to serve in any fiduciary capacity. In addition, **an FA/IR may not knowingly be designated as a beneficiary under a client's will, trust, IRA, TOD or other account or instrument that would take effect at death, other than for family members.** [Emphases added].

17 62. On February 25, 2010, Waszolek completed a Morgan Stanley Sales Questionnaire in
18 which he was asked, "Are you named as a beneficiary on any non-family member account(s) which
19 has been opened within the last 12 months?" Despite being named the residual beneficiary for the
20 JL Trust, an account he opened at Morgan Stanley less than 12 months earlier, Waszolek answered
21 "No."

22 63. Morgan Stanley's Sales Questionnaire also asked, "Do you have any accounts
23 (Morgan Stanley Smith Barney or NON-Morgan Stanley Smith Barney) for which you act in a
24 fiduciary capacity?" Despite being named the successor trustee for the JL Trust and having a
25 healthcare power of attorney for JL, Waszolek answered "No."

1 64. From March 6, 2009, until at least August 2, 2010, Waszolek failed to disclose to
2 Morgan Stanley that he functioned as a fiduciary for JL because he held a healthcare power of
3 attorney for her and he was named as the successor trustee.

4 65. During that same 14-month period, Waszolek failed to disclose to Morgan Stanley
5 that he was the residual beneficiary of JL's Trust.

6 *JL Dies And Waszolek Attempts To Collect \$1.8 Million From Her Estate*

7 66. On April 19, 2010, Waszolek executed a "Declination of Nominated Successor
8 Trustee," which, under the JL Trust Amendment, had the effect of making Comerica the successor
9 trustee instead of Waszolek upon JL's death.

10 67. On May 8, 2010, JL passed away. She was 83 years old.

11 68. Following JL's death, Waszolek attempted to collect as the residual beneficiary the
12 cash proceeds held within the Morgan Stanley JL Trust Account, which had increased in value to
13 over \$1.8 million.

14 69. Comerica, the successor trustee of the JL Trust, refused to distribute this amount to
15 Waszolek unless and until Morgan Stanley approved the distribution.

16 70. On August 2, 2010, Waszolek requested approval from Morgan Stanley to be a
17 beneficiary of JL's Trust.

18 71. On August 3, 2010, Morgan Stanley informed Waszolek that it denied his request to
19 make an exception to the firm's policy prohibiting employees from being a beneficiary under a
20 client's will or trust.

21 72. On October 27, 2010, Morgan Stanley again informed Waszolek that "the firm has
22 denied your request for an exception to inherit your deceased client's assets under her trust
23 instrument."

24 73. On January 6, 2011, Morgan Stanley issued a Letter of Reprimand, which Waszolek
25 signed on February 25, 2011. The Letter of Reprimand stated in relevant part: "Based on our
26 investigation, the Firm has concluded that you violated Morgan Stanley Smith Barney policies and

1 procedures. Specifically, you failed to disclose to the Firm that (1) you were the fiduciary for a Firm
2 customer and that (2) you were also the beneficiary of that customer's trust."

3 74. The Letter of Reprimand reiterated Morgan Stanley's denial of Waszolek's request to
4 inherit JL's assets from the JL Trust.

5 75. Beginning on September 17, 2010, Comerica distributed the personal property to JL's
6 specified family members, and cash proceeds to the Charitable Beneficiaries in the amounts set forth
7 in the JL Trust Amendment.

8 76. Comerica did not distribute to Waszolek the remaining cash proceeds to which he
9 contended he was entitled under the JL Trust Amendment.

10 77. Despite Morgan Stanley's repeated denials of his requests to receive a distribution
11 pursuant to the JL Trust Amendment and having received a Letter of Reprimand, on August 2, 2011,
12 Waszolek filed a "Petition for Trust Administration" in the Arizona Superior Court ("Waszolek's
13 Lawsuit").

14 78. Waszolek sought a court order requiring Comerica to (i) make a distribution to him
15 and (ii) issue instructions for the Morgan Stanley JL Trust Account to be transferred to him.

16 79. Comerica and the four Charitable Beneficiaries were all joined to Waszolek's
17 Lawsuit.

18 80. On January 27, 2012, Morgan Stanley terminated Waszolek for the reasons it stated in
19 its U5 filing of that date, namely "concerns regarding failure to follow policies and procedures
20 regarding a client's testamentary bequest to the advisor, and lack of execution of a transaction relating
21 to the client's successor trustee."

22 81. Ultimately, Waszolek entered into a settlement agreement with Comerica and the
23 Charitable Beneficiaries.

24 82. Under the settlement, Waszolek received \$50,000 from Comerica, although none of
25 that amount came from the assets of the JL Trust. As part of the settlement, Waszolek agreed the JL
26 Trust Amendment was "invalid by reason of [JL's] incapacity."

FINRA's Investigation and Disciplinary Action Against Waszolek

85. In February 2012, Raymond James hired Waszolek as a Senior Vice President in its Scottsdale office.

86. Also in February 2012, FINRA began investigating Waszolek based on the reasons Morgan Stanley stated for terminating him in its U5 filing.

87. As part of its investigation, on February 14, 2013, FINRA took Waszolek's testimony.

88. On June 11, 2015, FINRA initiated an action against Waszolek in Disciplinary Proceeding No. 2012031181001.

89. On June 18, 2015, Waszolek's employment with Raymond James terminated.

90. Raymond James filed a U5 stating that it permitted Waszolek to resign because "It became apparent that John Waszolek failed to give accurate and complete information concerning the circumstances that led to his termination from his prior employer [Morgan Stanley]."

91. On July 13, 2015, FINRA accepted an Offer of Settlement with Waszolek in Disciplinary Proceeding No. 2012031181001. FINRA entered an Order Accepting Offer of Settlement ("Order") that same date.

92. In the Order, FINRA found that Waszolek had violated FINRA Rule 2010 by taking "unfair advantage of JL by having JL give Waszolek the[] roles and responsibilities [as successor trustee and residual beneficiary] when he knew of her declining mental condition and lack of testamentary capacity."

93. FINRA also found that Waszolek violated FINRA Rule 2010 by concealing his role as successor trustee, beneficiary and health care power of attorney for JL from UBS and Morgan Stanley in violation of those firms' written policies.

94. FINRA ordered that Waszolek be barred from association in any and all capacities with any FINRA member. FINRA further found that this permanent bar against Waszolek was in the public interest.

II.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

2. Waszolek's conduct subjects him to an order of revocation of his registration as a securities salesman with the Commission pursuant to A.R.S. § 44-1962(A)(10). Specifically, Waszolek has engaged in dishonest or unethical practices in the securities industry by:

- a. Procuring the JL Trust Amendment to become the residual beneficiary and successor trustee despite being informed that JL suffered from dementia and Alzheimer's disease, and that a neuropsychologist had concluded before the amendment that JL lacked testamentary capacity and was "completely unable to protect herself from exploitation;"
- b. Concealing from UBS that he held the health care power of attorney for JL in violation of that firm's written policies;
- c. Concealing from Morgan Stanley his role as successor trustee and residual beneficiary of the JL Trust, and that he held the health care power of attorney for JL, in violation of that firm's written policies;
- d. Falsely certifying to Morgan Stanley on its Sales Questionnaire dated February 25, 2010, that he was not named as a beneficiary on any non-family member accounts which had been opened within the previous 12 months, when he was in fact the residual beneficiary of the JL Trust Account;
- e. Falsely certifying to Morgan Stanley on its Sales Questionnaire dated February 25, 2010, that he did not have any accounts for which he acted in a fiduciary capacity, when he was the designated successor trustee for the JL Trust and held a healthcare power of attorney for JL; and

1 f. Failing to give Raymond James accurate and complete information concerning the
2 circumstances that led Morgan Stanley to terminate him.

3 3. The following additional grounds exist to revoke Waszolek's registration as a securities
4 salesman with the Commission pursuant to A.R.S. § 44-1962(A):

5 a. Waszolek is lacking in integrity or is not of good business reputation within the
6 meaning of A.R.S. § 44-1962(A)(4); and

7 b. Waszolek is subject to an order of FINRA, an SRO, permanently revoking
8 membership or registration as a broker or dealer in securities within the meaning
9 of A.R.S. § 44-1962(A)(8).

10 4. Waszolek's conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-
11 2032 and A.R.S. § 44-1962(B)(2).

12 5. Waszolek's conduct is grounds for administrative penalties under A.R.S. § 44-2036
13 and A.R.S. § 44-1962(B)(1).

14 **III.**

15 **ORDER**

16 THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondents'
17 consent to the entry of this Order, attached and incorporated by reference, the Commission finds that
18 the following relief is appropriate, in the public interest, and necessary for the protection of investors:

19 IT IS ORDERED, pursuant to A.R.S. § 44-2032 and A.R.S. § 44-1962(B)(2), that Waszolek,
20 and any of his agents, employees, successors and assigns, permanently cease and desist from
21 violating the Securities Act.

22 IT IS FURTHER ORDERED that Waszolek comply with the attached Consent to Entry of
23 Order.

24 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036 and A.R.S. § 44-1962(B)(1), that
25 Waszolek shall pay an administrative penalty in the amount of \$22,500.00 as a result of the conduct
26 set forth in the Findings of Fact and Conclusions of Law. Payment is due in full on the date of this

Order. Payment shall be made to the "State of Arizona." Any amount outstanding shall accrue interest as allowed by law.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-1962, that Waszolek's securities salesman registration is revoked.

For purposes of this Order, a bankruptcy filing by Waszolek shall be an act of default. If Waszolek does not comply with this Order, any outstanding balance may be deemed in default and shall be immediately due and payable.

IT IS FURTHER ORDERED, that if Waszolek fails to comply with this order, the Commission may bring further legal proceedings against Waszolek, including application to the superior court for an order of contempt.

IT IS FURTHER ORDERED that Kathleen Waszolek shall be dismissed from this action without prejudice.

IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION



CHAIRMAN FORESE



COMMISSIONER DUNN



COMMISSIONER TOBIN



COMMISSIONER OLSON

RECUSED

Comm. Burns

COMMISSIONER BURNS

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IN WITNESS WHEREOF, I, TED VOGT, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 7th day of November, 2017.

TED VOGT
EXECUTIVE DIRECTOR

DISSENT

DISSENT

This document is available in alternative formats by contacting Kacie Cannon, ADA Coordinator, voice phone number (602) 542-3931, e-mail kcannon@azcc.gov.

(JDB)

1 **CONSENT TO ENTRY OF ORDER**

2 1. Respondent John Anthony Waszolek ("Waszolek" or "Respondent") admits the
3 jurisdiction of the Commission over the subject matter of this proceeding. Respondent acknowledges
4 that Respondent has been fully advised of his right to a hearing to present evidence and call witnesses
5 and Respondent knowingly and voluntarily waives any and all rights to a hearing before the
6 Commission and all other rights otherwise available under Article 11 of the Securities Act and Title
7 14 of the Arizona Administrative Code. Respondent acknowledges that this Order To Cease And
8 Desist, Order of Revocation, Order for Administrative Penalties and Consent to Same ("Order")
9 constitutes a valid final order of the Commission.

10 2. Respondent knowingly and voluntarily waives any right under Article 12 of the
11 Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief resulting
12 from the entry of this Order.

13 3. Respondent acknowledges and agrees that this Order is entered into freely and
14 voluntarily and that no promise was made or coercion used to induce such entry.

15 4. Respondent John Anthony Waszolek and Respondent Kathleen Waszolek
16 ("Respondents") acknowledge that they have been represented by attorney Alan S. Baskin of Baskin
17 Richards, PLC in this matter, Respondents have reviewed this Order with Mr. Baskin, and
18 Respondents understand all terms it contains. Respondents further acknowledge that their attorney,
19 Mr. Baskin, has apprised them of their rights regarding any potential and/or actual conflicts of interest
20 arising from their dual representation. Respondents acknowledge that they have each given their
21 informed consent to such representation.

22 5. Waszolek admits only for purposes of this proceeding and any other proceeding in
23 which the Commission is a party the Findings of Fact and Conclusions of Law contained in this
24 Order. Waszolek agrees that he shall not contest the validity of the Findings of Fact and Conclusions
25 of Law contained in this Order in any present or future proceeding in which the Commission is a
26 party.

1 6. Waszolek further agrees that he shall not deny or contest the Findings of Fact and
2 Conclusions of Law contained in this Order in any present or future: (a) bankruptcy proceeding, or
3 (b) non-criminal proceeding in which the Commission or any other state agency is a party
4 (collectively, "proceeding(s)"). He further agrees that in any such proceedings, the Findings of Fact
5 and Conclusions of Law contained in this Order may be taken as true and correct and that this Order
6 shall collaterally estop them from re-litigating with the Commission or any other state agency, in any
7 forum, the accuracy of the Findings of Fact and Conclusions of Law contained in this Order. In the
8 event Waszolek pursues bankruptcy protection in the future, he further agrees that in such bankruptcy
9 proceeding, pursuant to 11 U.S.C. § 523(a)(19), the following circumstances exist:

10 A. The obligations incurred as a result of this Order are a result of the conduct set forth
11 in the Findings of Fact and Conclusions of Law in the Order and are for the violation of Arizona
12 state securities laws, pursuant to 11 U.S.C. § 523(a)(19)(A)(i);

13 B. This Order constitutes a judgment, order, consent order, or decree entered in a state
14 proceeding pursuant to 11 U.S.C. § 523(a)(19)(B)(i), a settlement agreement entered into by
15 Waszolek pursuant to 11 U.S.C. § 523(a)(19)(B)(ii), and a court order for fines, penalties, citations,
16 attorney fees, costs or other payment owed by Waszolek pursuant to 11 U.S.C. § 523(a)(19)(B)(iii).

17 7. By consenting to the entry of this Order, Waszolek agrees not to take any action or to
18 make, or permit to be made, any public statement denying, directly or indirectly, any Finding of Fact
19 or Conclusion of Law in this Order or creating the impression that this Order is without factual basis.

20 8. While this Order settles this administrative matter between Waszolek and the
21 Commission, Waszolek understands that this Order does not preclude the Commission from
22 instituting other administrative or civil proceedings based on conduct not addressed by this Order.

23 9. Waszolek understands that this Order does not preclude the Commission from
24 referring this matter to any governmental agency for administrative, civil, or criminal proceedings
25 that may be related to the matters addressed by this Order.

26

1 10. Waszolek understands that this Order does not preclude any other agency or officer
2 of the state of Arizona or its subdivisions from instituting administrative, civil, or criminal
3 proceedings that may be related to matters addressed by this Order.

4 11. Waszolek agrees that he will not apply to the state of Arizona for registration as a
5 securities dealer or salesman or for licensure as an investment adviser or investment adviser
6 representative at any time in the future.

7 12. Waszolek agrees that he will not exercise any control over any entity that offers or
8 sells securities or provides investment advisory services within or from Arizona at any time in the
9 future.

10 13. Waszolek consents to the entry of this Order and agrees to be fully bound by its terms
11 and conditions.

12 14. Waszolek acknowledges and understands that if he fails to comply with the provisions
13 of the order and this consent, the Commission may bring further legal proceedings against him and
14 Kathleen Waszolek, including application to the superior court for an order of contempt.

15 15. Waszolek understands that default shall render him liable to the Commission for its
16 costs of collection, including reasonable attorneys' fees and interest at the maximum legal rate.

17 16. Waszolek agrees and understands that if he fails to make any payment as required in
18 the Order, any outstanding balance shall be in default and shall be immediately due and payable
19 without notice or demand. Waszolek agrees and understands that acceptance of any partial or late
20 payment by the Commission is not a waiver of default by the Commission.

21 17. Waszolek and Kathleen Waszolek agree and understand that Kathleen Waszolek shall
22 be dismissed from this action without prejudice.

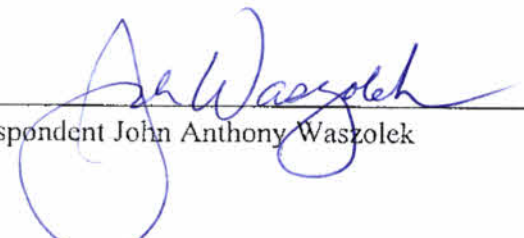
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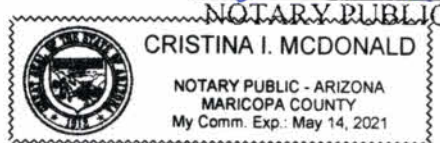
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Respondent John Anthony Waszolek

STATE OF ARIZONA)
) ss
County of)

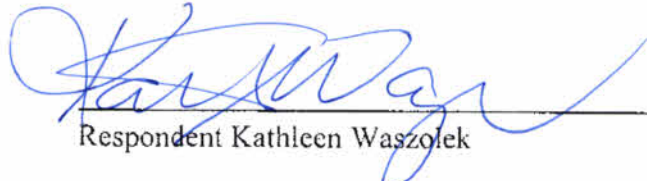
SUBSCRIBED AND SWORN TO BEFORE me this 2nd day of October, 2017.





My commission expires:

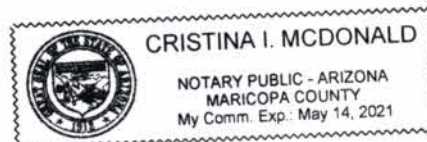
May 14, 2021


Respondent Kathleen Waszolek

STATE OF ARIZONA)
) ss
County of)

SUBSCRIBED AND SWORN TO BEFORE me this 2nd day of October, 2017.


NOTARY PUBLIC



My commission expires:

May 14, 2021

1 SERVICE LIST FOR: In the Matter of John Anthony Waszolek (CRD No. 800403) and
2 Kathleen Waszolek

3
4 Alan S. Baskin, Esq.
5 Baskin Richards, PLC
6 2901 N. Central Avenue, Suite 1150
7 Phoenix, Arizona 85012
8 Attorneys for Respondents
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